U.S. DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
FILED
JUL 3 2002
CLERK, U.S. DISTRICT COURT
By Deputy

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

MALACO INCORPORATED,	§	
	§	
Plaintiff,	§	
	§	
v.	§	CIVIL ACTION NO.
	§	3:00-CV-2648-P
JOSEPH COOPER AND DOROTHY	§	
COSTANZO, D/B/A GROUP	§	
HITMAKERS, INC. AND CLOSE UP	§	
PRODUCTIONS,	§	
	§	
Defendants.	§	

ENTERED
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U.S.D.C.

MEMORANDUM OPINION AND ORDER

Now before the Court for consideration are:

1. Defendants' Motion to Dismiss, filed October 18, 2001;
2. Plaintiff's Response to Defendants' Motion to Dismiss, filed November 30, 2001; and
3. Plaintiff's Motion for Summary Judgment,[1] filed April 4, 2002.

After a thorough review of the summary judgment evidence, the pleadings, the briefs, and the applicable law, for the reasons set forth below, the Court GRANTS Plaintiff's Motion for Summary Judgment and DENIES Defendants' Motion to Dismiss.

BACKGROUND

Plaintiff Malaco, Incorporated ("Plaintiff" or "Malaco") brought suit against Defendants Joseph Cooper and Dorothy Costanzo d/b/a Group Hitmakers, Inc. and Close Up Productions

[1]Defendants did not file a response to Plaintiff's Motion for Summary Judgment.

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("Defendants") for copyright infringement of four songs. The songs were included on a video sold by Defendants entitled "Johnnie Taylor Live at the Longhorn Ballroom."

In 1984, Johnnie Taylor and Plaintiff entered into an "Exclusive Recording Artist Agreement" under which Malaco became the sole owner of all master recordings and phonographs and obtained the exclusive right to copyright all recordings as owner and author thereof. Pl.'s App. A1. The Agreement specifies that Plaintiff shall be the exclusive owner of all videos and all rights thereto, including copyrights. *Id.* The parties do not dispute that Defendants taped a live concert of Johnnie Taylor in 1989 and then proceeded to market copies of the taped performance. *Id.* at 1; Def.'s Mot. To Dismiss at 2, 4.

Defendant Joseph Cooper alleges in his Motion to Dismiss that he was hired by Taylor to tape the live performance. *Id.* at 2. Defendant Cooper asserts that Malaco was aware of the tape and had been negotiating with Defendants to form a business agreement to market the tape for their mutual benefit. *Id.* at 4. Plaintiff claims Defendant Cooper requested permission to sell copies of the tape, but Plaintiff denied those requests. Pl.'s App. A. Malaco refused to buy the infringing video from Cooper and refused to give Defendant a synchronization license. *Id.* Nevertheless, Defendants began selling the video under the name "Group Hitmakers, Inc." Pl.'s App. A2.

The Court previously granted temporary injunctions against both Defendants to prevent irreparable harm to Plaintiff as a result of Defendants' continued infringement. Plaintiff now requests a permanent injunction against Defendants, statutory damages in the amount of $600,000, and reasonable attorney's fees.

DISCUSSION

I. STANDARD OF REVIEW FOR SUMMARY JUDGMENT

Summary judgment shall be rendered when the pleadings, depositions, answers to interrogatories and admissions on file, together with affidavits, if any, show that there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c); *Celotex Corp. v. Catrett.*, 477 U.S. 317, 323 (1986). The moving party bears the burden of informing the district court of the basis for its belief that there is an absence of a genuine issue for trial, and of identifying those portions of the record that demonstrate such an absence. *Id.* at 323. However, all evidence and the reasonable inferences to be drawn therefrom must be viewed in the light most favorable to the party opposing the motion. *United States v. Diebold, Inc.*, 369 U.S. 654, 655 (1962).

Once the party has made an initial showing, the party opposing the motion must come forward with competent summary judgment evidence of the existence of a genuine fact issue. *Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp.*, 475 U.S. 574, 586 (1986). The party defending the motion for summary judgment cannot defeat the motion unless he provides specific facts that show the case presents a genuine issue of material fact, such that a reasonable jury might return a verdict in his favor. *Anderson v. Liberty Lobby,* 477 U.S. 242, 248 (1986). Mere assertions of a factual dispute unsupported by probative evidence will not prevent a summary judgment. *Id.* at 248-50; *Abbot v. Equity Group, Inc.,* 2 F.3d 613, 619 (5th Cir. 1993). In other words, conclusory statements, speculation and unsubstantiated assertions will not suffice to defeat a motion for summary judgment. *Douglass v. United Servs. Auto. Ass'n*, 79 F.3d 1415, 1429 (5th Cir. 1996) (en banc).

If the nonmoving party fails to make a showing sufficient to establish the existence of an element essential to his case, and on which he bears the burden of proof at trial, summary judgment is mandatory. *Celotex*, 477 U.S. at 322-24; *Washington v. Armstrong World Industries, Inc.*, 839 F.2d 1121, 1122 (5th Cir. 1988). A motion for summary judgment cannot be granted simply because there is no opposition, even if the failure to oppose it violates a local rule. *Hibernia Nat'l Bank v. Adminstracion Central Sociedad Anonima*, 776 F.3d 1277, 1279 (5th Cir. 1985). However, when the nonmovant failes to provide a response identifying the disputed issues of fact, the Court is entitled to accept the movant's description of the undisputed facts as prima facie evidence of its entitlement to judgment. *Eversly v. Mbank Dallas*, 843 F.2d 172, 173-174 (5th Cir. 1999); *Nordar Holdings, Inc. v. Western Sec. (USA) Ltd.*, No. 3:96-CV-0427-H, 1996 WL 739019, *2 (N.D. Tex. Dec. 18, 1996).

Finally, the Court has no duty to search the record for triable issues. *Ragas v. Tennessee Gas Pipeline Co.,* 136 F.3d 455, 458 (5th Cir. 1998). "The party opposing summary judgment is required to identify specific evidence in the record and to articulate the precise matter in which the evidence supports his or her claim." *Id.* A party may not rely upon "unsubstantiated assertions" as competent summary judgment evidence. *Id.*

II. COPYRIGHT INFRINGEMENT

To claim copyright infringement, Plaintiff must establish two elements: (1) ownership of a valid copyright; and (2) copying of constituent elements of the work that are original. *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.* 499 U.S. 340, 361 (1991); *Computer Management Assistance Co. v. DeCastro*, 220 F.3d 396, 400 (5th Cir. 2000).

A. Ownership

Plaintiff offers evidence of copyright ownership in four musical compositions performed by Johnnie Taylor. The four songs are contained on two Johnnie Taylor albums "This is Your Night" and "Wall to Wall," for which Plaintiff provides true and correct copies of the respective Copyright Registration Certificates. Pl.'s App. B2 and B3. When a certification of registration is obtained within five years of the first publication of a work, the registration is *prima facie* evidence of the validity of the copyright and the facts stated in the certificate. 17 U.S.C. § 410(c) (2000). This includes satisfaction of the originality and copyrightability requirements of 17 U.S.C. § 102(a) (2000); *Edmark Industries v. South Asia Int'l*, 89 F. Supp. 2d 840, 844 (E.D. Tex. 2000). Therefore, Plaintiff's registration of the albums with the U.S. Copyright Office entitles it to a presumption of copyright validity and ownership of the albums.

The court infers from the copyright certificates that the infringed songs were published for the first time on the albums registered by Malaco in 1984 and 1986.[2] Thus, all songs appear to have been registered within five years of their initial publication and are protected under the copyright for the two albums. Any song contained within an album is protected under copyright if (1) the album is copyrighted, and (2) the songs are not published prior to the album's copyright. *Szabo v. Errisson*, 68 F.3d 940, 943-44 (5th Cir. 1995). *Szabo* specifically holds that the copyright of a collection can protect the individual components of that collection even when the individual components are not listed on the copyright registration. *Id.* at 944. Applying the holding of *Szabo*, this Court finds that all of the musical compositions in question are protected by the copyright certificates for each of the two albums registered by Malaco.

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[2] The song "Still Called the Blues" was first published on November 8, 1984 as part of the album "This is Your Night." Pl.'s App. A. The album was registered with the Copyright Office on November 16, 1984. Pl.'s App. B; Pl.'s App. B1 (Certificates of Copyright Registration). The songs "Wall to Wall," "Just Because," and "I'm Changing" were first published on November 17, 1985 as part of the "Wall to Wall" album. Pl.'s App. A. The album was registered May 23, 1986. Pl.'s App. B, Pl.'s App. B2.

Defendants carry the burden of rebutting the presumption of validity. *Id.* (citing *Donald Frederick Evans & Assoc., Inc. v. Continental Homes, Inc.*, 785 F. 2d 897, 903 (11th Cir. 1986)). Defendants fail to provide any evidence controverting the presumption of copyright validity and ownership. Defendant Cooper alleges that he received permission from Taylor to record Taylor's performance on the night in question. Def.'s Orig. Ans. ¶ 3. Because Defendants fail to provide any competent summary judgment evidence supporting this allegation or otherwise disproving Plaintiff's ownership, the presumption of copyright validity stands.

B. Copying

"Copying" is a judicial shorthand for the infringement of any of the copyright owner's exclusive rights. *Playboy Enterprises v. Webbworld*, 991 F. Supp. 543, 550 (N.D. Tex. 1997). Section 106 of the Copyright Act states that the exclusive rights of a copyright owner include the right "to reproduce the copyrighted work in copies or phonorecords; to prepare derivative works based upon the copyrighted work; to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer for ownership, or by rental, lease, or lending. . ." 17 U.S.C. § 106 (2000). Defendants' sale of the copyrighted material clearly violates Plaintiff's exclusive rights under the Copyright Act. Defendants do not deny selling the infringing video tapes. Plaintiff submitted sworn affidavits as evidence that Defendants never received permission from Plaintiff to copy the material. Pl.'s App. A and A5.

III. RELIEF GRANTED

Having determined that Malaco prevails on the merits of the claim, the Court hereby grants its request for relief in the form of a permanent injunction, statutory damages, and attorney's fees.

A. Permanent Injunctive Relief

A copyright owner who claims copyright infringement may obtain temporary and permanent injunctions as needed to prevent or restrain infringement. 17 U.S.C. § 502(a) (2000). Plaintiff requests the Court to convert its preliminary injunction against Defendants into a permanent one. "[T]he standard for a permanent injunction is the same as the standard for a preliminary injunction except that, in the case of the former, the plaintiff must actually succeed on the merits rather than to merely show. . . a likelihood of success." *Burlington Northern and Santa Fe Ry. Co. v. Brotherhood of Maint. of Way Employees*, 143 F. Supp. 2d 672, 688-89 (N.D. Tex 2001) (McBryde, J.) (citing *Amoco Prod. Co. v. Village of Gamball*, 480 U.S. 531, 546 n.12 (1987)). Therefore, to obtain a permanent injunction, Plaintiff must (1) succeed on the merits; (2) have no adequate remedy at law; (3) show that the threatened injury outweighs any damage to the defendant; and (4) demonstrate that the injunction will not disserve the public interest. *Picker Int'l v. Blanton,* 756 F. Supp. 971, 978 (N.D. Tex. 1990); *see also Playboy Enterprises,* 991 F. Supp. at 561.

The Court has found that Plaintiff succeeds on the merits of its claim. Furthermore, irreparable harm is presumed from Plaintiff's *prima facie* showing of copyright infringement. *Entertainment & Sports v. Edinburg Community Hotel*, 735 F. Supp. 1334, 1343 (S.D. Tex. 1986). The burden on the Defendants to restrain from further infringement is light, while the

Plaintiff faces a substantial threat of irreparable harm to its business and reputation if its copyrights are not enforced. Finally, the Court finds that the blatant copyright infringement engaged in by Defendants should be strongly discouraged and that Plaintiff is entitled to a permanent injunction as set forth below.

B. Statutory Damages

A copyright owner who claims copyright infringement may, at any time before judgment, elect to recover either actual damages or statutory damages. 17 U.S.C. § 504 (2000). Since Plaintiff has elected to recover statutory damages, the Court may award any just remedy in an amount ranging from not less than $750 to not more than $30,000 for each work infringed. 17 U.S.C. § 504(c). If Plaintiff shows that the infringement was willful, the Court may in its discretion award a maximum amount of $150,000 in damages per infringement. *Id.* "[I]n making a statutory award, the court may consider the likelihood of profits and losses and may take into account the attitude and conduct of the parties." *Kingsvision Pay-Per-View, Ltd. v. Valles*, No. EP-00-CA-179-DB, 2001 WL 682205, *1 (W.D. Tex. Mar. 30, 2001) (quoting *Warner Bros. Inc., v. Dae Rim Trading, Inc.*, 877 F.2d 1120, 1126 (2d Cir. 1989)).

1. Willfulness

A review of the summary judgment evidence persuades this Court that Defendants' infringement was willful. In the Fifth Circuit, an infringement is willful if the defendant "knows his actions constitute an infringement." *Broadcast Music, Inc. v. Xanthas, Inc.*, 855 F.2d 233, 236 (5th Cir. 1998). A defendant's knowledge can be actual or constructive. *Fitzgerald Pub. Co. Inc. v. Baylor Pub. Co. Inc.*, 807 F.2d 1110, 1115 (2d Cir. 1986). "Although lack of knowledge and intent do not shield a defendant against copyright infringement liability, proof of a culpable mental state may become a plaintiff's sword in the damages phase of a copyright infringement lawsuit." *Microsoft Corp. v. Software Wholesale Club, Inc.*, 129 F. Supp. 2d 995, 1002 (S.D. Tex. 2000).

Willfulness may be inferred if notice of a valid copyright was given prior to infringement. *Chi-Boy Music v. Charlie Club, Inc.* 930 F.2d 1224, 1227 (7th Cir. 1991). On August 7, 2000, Plaintiff's attorney contacted Defendants and demanded that Defendants cease infringement of Malaco's copyrights. Pl.'s App. A5. The advertisements submitted by Plaintiff into evidence are dated subsequent to Plaintiff's letter, which shows Defendants had constructive knowledge that their actions constituted infringement. Pl.'s App A3, A4. Despite Defendants' knowledge of Malaco's interest in the Johnnie Taylor performance he had recorded, Defendants continued to sell copies of the performance, and even used a copyright symbol on the videotape label indicating that they had obtained a recent copyright on the video. Pl.'s App. A2. Plaintiff claims that Defendant Cooper contacted Malaco several times requesting that Malaco give him permission to market the video. Pl.'s App. A at 2, B at 3. Defendant Cooper does not dispute this claim, and further admits that Defendants tried unsuccessfully to persuade Plaintiff to buy the infringing video. Def.'s Mot. to Dismiss at 2.

Several other factors have been recognized in the Fifth Circuit as signs of willful infringement. First, "defense efforts in this action have been spare. . ." *Almo Music Corp. v. T & W Communications Corp.*, 798 F. Supp. 392, 394 (N.D. Miss. 1992) (internal citations and quotations omitted). Additionally, Defendants "made no attempt whatsoever to avoid infringement," and were "seemingly undeterred by lack of licensure and-or permission, [and] proceeded boldly to appropriate protected compositions to [its] own use." *Id.* After careful consideration of Plaintiff's affidavits and Defendants' actions, this Court concludes that Defendants' infringement was willful.

2. Financial Gain

The court has broad discretion in determining a damage award within the range provided by statute. *F.W. Woolworth Co. v. Contemporary Arts*, 344 U.S. 228, 231 (1952). For example, the court may consider the deterrent effect on the infringer and on third parties, expenses saved and profits gained from the infringement, and the infringer's state of mind in committing the infringement. *Playboy Enterprises,* 991 F. Supp. at 560.

Although the record unmistakably established Plaintiff's ownership of the four songs and Defendants' willful infringement thereof, it now presents scant information on which to make an assessment of Defendants' profits. Defendant Cooper claims he refused Malaco's offer of $10,000 for the video. Def.'s Mot. to Dismiss at 2. Using that figure as a floor, the Court finds little else in the record to use in calculating damages. There is no clear evidence in the record as to when Defendant began marketing the videotape. Plaintiff submits a letter dated August 7, 2000 indicating that Defendant Cooper stated to Plaintiff's attorney that Defendants had sold "a couple of hundred" copies up to that date. Pl.'s App. A5. One of the magazine advertisements that appeared in December 2000 lists fourteen locations in the Dallas / Fort Worth Area where the video was available. Pl.'s App. A4. In the same ad, Defendants stated the infringing video had appeared on a national cable channel, as well as local radio and television stations. *Id.* The infringing product was billed as the "Fastest Selling Video in Dallas History." *Id.* Defendants presumably continued to sell the video until either March 2, 2001, or August 23, 2001, the dates the preliminary injunctions against Defendant Costanzo and Cooper, respectively, were entered.

The advertisements on record do not indicate what the purchase price of the video was. Pl.'s App. A3, A4. Plaintiff contends that sales of Defendants' video directly affected sales of its similar video, because consumers are unlikely to buy both videos. Pl.'s App. A at 3. Faced with an absence of financial records, the Court is forced to estimate. If the video retailed for approximately $20, and sold an average of 400 copies a month for ten months, i.e. from May 2000 until March 2001, then the Court estimates Plaintiff's losses and Defendants' profits to be roughly $80,000. Taking into account Defendants' willful conduct, and the long-term injury to Malaco, the Court assesses the damages to Plaintiff at $100,000, or $25,000 per infringed song.

C. Attorney's Fees

Pursuant to 17 U.S.C. § 505 (2000), Malaco has requested reasonable attorney's fees to compensate it for its losses and to deter Defendants from repeating their illegal conduct. In the Fifth Circuit, attorney's fees are "discretionary but routinely awarded." *Hogan Sys., Inc. v. Cybersource Int'l, Inc.*, 158 F.3d 319, 325 (1998). Some factors that the Court should consider in deciding whether to grant attorney's fees are objective unreasonableness, frivolousness, as well as a desire to compensate Plaintiff for losses sustained and to deter future infringement by Defendants and third parties. *McKinley v. Raye*, No. 03:96-CV-2231-P, 1998 U.S. Dist. LEXIS 3019, *18 (N.D. Tex., March 10, 1998) (Solis, J.). Accordingly, this Court grants Plaintiff's request for reasonable attorney's fees.

CONCLUSION

In light of the overwhelming summary judgment evidence presented by Plaintiff, no reasonable jury could find for Defendants, even if every genuine factual dispute is considered from Defendants' point of view.

Accordingly, upon careful review of the parties' arguments, the summary judgment evidence, and the relevant law, for the reasons stated above, Plaintiff's Motion for Summary Judgment shall be and is hereby GRANTED.

The Court AWARDS to the Plaintiff statutory damages of $100,000.

Plaintiff's request for reasonable attorney's fees is GRANTED. Plaintiff must submit evidence of attorney's fees to the court within ten days of the date of this order.

Plaintiff's request for a permanent injunction is GRANTED.

Accordingly, it is ORDERED that Defendant Dorothy Costanzo and Defendant Joseph Cooper, d/b/a Group Hitmakers, Inc. and Close Up Productions, and Group Hitmaker Inc.'s officers, agents, servants, employees and attorneys, and Close Up Productions' officers, agents, servants, employees and attorneys, and those persons in active concert or participation with Defendant Costanzo or Defendant Cooper who receive actual notice of this Order and its contents are hereby ENJOINED from marketing, selling, offering for sale, licensing, distributing, or otherwise publishing or causing to be published that certain musical video entitled "Johnnie Taylor Live at the Longhorn Ballroom." The Court declines to impound the copies of the videotape in question.

IT IS SO ORDERED.

Signed this 3rd day of ~~June~~ July, 2002.

Jorge A. Solis

JORGE A. SOLIS
UNITED STATES DISTRICT JUDGE